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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC 298-81
22 January 1981

MEMORANDUM FOR: Acting Director of Central Intelligence

VIA: Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

FROM: Robert C. Ames
National Intelligence Officer for Near East and
South Asia

SUBJECT: Monthly Warning Assessment: Near East and South Asia

1. It was noted at the outset that there has been a general hiatus in activity in the region over the past month and that this is likely to last a month or two longer. The prime reasons for this are the new administration in Washington, political developments in Israel and the stalemate in the Iran-Iraq war. This hiatus presents us an opportunity to look ahead rather than deal with "front burner" issues.

3. Frustration is building up in the moderate wing of the PLO (Fatah) as political momentum on the Arab-Israeli issue dies down. As this frustration continues to build there will be an inclination to return to international terrorism as a means of attracting attention to this issue. We are likely to see a new target of terrorist acts - oil facilities. These are vulnerable, there are numerous Palestinians in oil producing states and the West would react quickly. Fatah has the assets and experience to engage in this type of operation should it decide to do so.

4. Israeli activities in Lebanon were reviewed. We did not discern any pattern that would indicate a large scale Israeli move in the near future but we did note that a beleaguered Begin might try a military spectacular. Nothing unites the Israeli nation like a successful military operation. Begin has few other options to attract voters.

SECRET

SECRET

2

5. The Iran-Iraq war is likely to continue as a stalemate at least until the marshy terrain firms up in the spring. At that time a key option is available to the Iraqis: an armored thrust to cut the southern fields from supplying crude to the refineries in Tehran, Isfahan and Shiraz. Such a move could strangle Iran in 2-3 months. However, if the government in Tehran felt threatened, it could strike oil facilities on the Arab shore of the Gulf to get the West to intervene. The Iranians could strike these Arab states, but probably not their oil facilities, at an earlier time if the supply lines they are providing Iraq are perceived to be swinging the balance in Iraq's favor.

6. Qadhafi has probably bitten off more than he can chew in Chad, but is not likely to get out unless Egypt, France and the African states join together to force him out. Qadhafi is a survivor, there is no organized opposition and his control of the army and security forces is firm. Even if he loses Chad he is likely to survive and to cause mischief another day. Meanwhile, as long as he stays in Chad he will be able, by his presence alone, to exert pressure on the delicate political systems in Niger and Sudan.

7. We also discussed the possible acquisition by the Libyans of the SS-12 (SCALEBOARD). It was the general consensus that if this system was available Qadhafi would buy it, but there was no hard evidence the Libya had it. If they had this 900 km range missile, there would be cause for concern throughout the Mediterranean. Not only would there be a regional impact, there would also be an impact on US-Soviet relations. Determination of Libya's possession of this weapon is a high priority item.


Robert C. Ames

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